

# **NOTICE OF PROPOSED ACTION**

**AMENDMENTS TO APPLIANCE EFFICIENCY REGULATIONS**

**CALIFORNIA CODE OF REGULATIONS, TITLE 20, SECTIONS 1601 - 1608**

**CALIFORNIA ENERGY COMMISSION**

**Docket Number 04-AAER-1**

**September 10, 2004**

PLEASE TAKE NOTICE that the California Energy Commission (“Commission”) proposes to adopt amendments to its regulations on appliance efficiency.

## PUBLIC HEARINGS

There will be two public hearings on the proposed regulations. First, the Commission’s Energy Efficiency Committee (Commissioner Jackalyne Pfannenstiel, Presiding Member, and Commissioner Arthur Rosenfeld, Associate Member) will hold a preliminary hearing on the proposed regulations:

Wednesday, October 13, 2004  
10:00 a.m.  
California Energy Commission  
Hearing Room A  
1516 Ninth Street  
Sacramento, California  
(Wheelchair accessible)

The full Commission will consider adopting the proposed regulations at a public hearing:

Wednesday, November 3, 2004  
10:00 a.m.  
California Energy Commission  
Hearing Room A  
1516 Ninth Street  
Sacramento, California  
(Wheelchair accessible)

At the hearings any interested person may make written or oral comments on the proposed regulations. In addition, any interested person may submit written comments, as described below.

## WRITTEN COMMENTS

Any interested person may submit written comments on the proposed regulations. ***In order to be considered, written comments must be received at the Commission no later than 3:00 p.m. on Tuesday, November 2, 2004.*** Written comments shall be mailed or delivered to the following address:

Docket No. 04-AAER-1  
Docket Office  
California Energy Commission  
1516 Ninth Street, Mail Station 4  
Sacramento, California 95814-5512

**All written comments must be titled “Docket No. 04-AAER-1.”**

## AUTHORITY AND REFERENCE

The Commission proposes to adopt the regulations under the authority of Public Resources Code Sections 25213, 25218(e), and 25402(a)-(c). The proposed regulations would implement, interpret, and make specific Public Resources Code Sections 25402(a)-(c).

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Existing law (Public Resources Code Section, 25402(c)) requires the Commission to adopt regulations that prescribe minimum efficiency levels for appliances. The Commission first adopted appliance regulations in 1976 and has periodically revised them since then. The current regulations include provisions on testing of appliances to determine their efficiency, reporting of data by manufacturers to the Commission, standards establishing mandatory efficiency levels, and compliance and enforcement procedures, as well as general provisions on the scope of the regulations and definitions.

In the rulemaking proceeding that is the subject of this Notice of Proposed Action (“NOPA”), the Commission is proposing to adopt new and revised efficiency standards for nineteen types of appliances. In addition, new testing and data-reporting requirements (but not efficiency standards) would be established for four additional types. Some of the amendments revise current standards, and some establish new standards for appliance types for which efficiency standards do not currently exist. (Some of appliance types included in the proposed amendments are parts of classes of appliances for which efficiency standards currently exist for some types (or sizes) but not for others; for example, while the current regulations contain standards for certain types of refrigerators and certain sizes of air conditioners, the proposed amendments would add standards for other types of refrigerators and for very large air conditioners.)

In addition to the new and revised efficiency standards, the proposed amendments include corresponding changes to provisions on the scope of the regulations, definitions, test methods, and data reporting. They also include minor corrections and clarifications throughout the regulations.

## FEDERAL REGULATIONS

The proposed amendments do not conflict with federal law.

The proposed amendments are not mandated by federal law.

There are extensive federal regulations on appliance efficiency. (See 42 U.S.C. section 6291 et seq.; 10 CFR Part 430.) The new and revised efficiency standards proposed in the Energy Commission’s rulemaking are for appliances that are not covered by the federal regulations. The rulemaking also includes a few proposed minor clarifications and corrections to other parts of Commission’s regulations that do concern federally-regulated appliances.

## STATUTORY REQUIREMENTS

California law requires that the Commission's appliance efficiency standards (1) apply to appliances that use a significant amount of energy on a statewide basis, (2) be based on feasible and attainable efficiencies or feasible improved efficiencies, and (3) be cost-effective based on a reasonable use pattern (i.e., not result in added total costs to the consumer, considering both any increased costs of the efficiency improvement and any reduced costs resulting from the improved efficiency, over the design life of the appliance). (Public Resources Code Section 25402(c)(1).) A Commission Staff Report, *Update of Appliance Efficiency Regulations* (July 2004, Publication Number 400-04-007D) demonstrates that the proposed new and revised efficiency standards meet those requirements.

## LOCAL MANDATE

The proposed regulations will not impose a mandate on state or local agencies or districts.

## ECONOMIC AND FISCAL IMPACTS

The Commission has made the following initial determinations. For more detail, please see the accompanying Economic and Fiscal Impact Statement (Form 399).

### *Fiscal Impact*

Costs Requiring Reimbursement. The proposed amendments will not impose on local agencies or school districts any costs for which Government Code sections 17500 - 17630 require reimbursement.

Other Non-Discretionary Costs or Savings for Local Agencies. . Local agencies that purchase appliances subject to the proposed efficiency standards will have to pay increased purchase costs for those appliances. However, those costs will be more than made up by reductions in natural gas and electricity bills, which will total \$1.6 million annually.

Costs or Savings for State Agencies. State agencies that purchase appliances subject to the proposed efficiency standards will have to pay increased purchase costs for those appliances. However, those costs will be more than made up by reductions in natural gas and electricity bills. Because there are few state agencies that purchase the appliances covered by the proposed regulations, the Commission has not calculated the amount of the savings, which will be small.

Cost or Savings in Federal Funding to the State. The proposed amendments will not result in any costs or savings in federal funding to the state.

### *Effect on Housing Costs*

There will be no significant effect on housing costs. The costs of owning and operating a home will decrease slightly as a result of lower natural gas and electricity costs. Homeowners that purchase appliances subject to the proposed efficiency standards will have to pay increased

purchase costs for those appliances; however, those costs will be more than made up by reductions in natural gas and electricity bills.

*Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States*

The Commission has made an initial determination that there will be no significant (or insignificant) adverse economic, fiscal, or environmental impact on businesses, including small businesses, as a result of the proposed amendments. Businesses will save \$116 million annually on their natural gas and electricity bills as a result of the proposed new and revised efficiency standards.

Nevertheless, the Commission invites interested persons to submit alternative proposals to lessen any adverse economic impact on business, which may include the following considerations:

- (i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- (ii) Consolidation or simplification of compliance and reporting requirements for businesses.
- (iii) The use of performance standards rather than prescriptive standards.
- (iv) Exemption or partial exemption from the regulatory requirements for businesses.

*Impacts on the Creation or Elimination of Jobs within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California*

The proposed amendments will have no impact on the creation or elimination of jobs within the State, the creation of new businesses or the elimination of existing businesses, or the expansion of businesses in California.

*Cost Impacts on Representative Person or Business*

Businesses and individuals that purchase appliances subject to the proposed efficiency standards will have to pay increased purchase costs for those appliances. However, those costs will be more than made up by reductions in natural gas and electricity bills. The annual savings for businesses will be \$116 million and for residential customers \$141 million. The costs and savings for “representative” business or person would depend on which appliances are purchased. The Staff Report cited above contains cost-effectiveness analyses for each individual appliance.

Overall, during the first fifteen years that they are in effect, the proposed efficiency standards will result in purchase cost increases of \$1.4 billion and utility bill savings of \$3.3 billion.

### *Business Reports*

The proposed regulations would require manufacturers of appliances to submit data about the appliances that they manufacture. (In California, there are few manufacturers of the appliances that would be added to the regulations by the proposed amendments.) The Commission estimates that the annual reporting cost would be \$360 per manufacturer. It is necessary for the health, safety, or welfare of the people of the state that the proposed regulations apply to business, for two basic reasons. First, the Legislature has required the Commission to adopt efficiency standards, and the submittal of data is necessary to determine compliance with the standards. Second, the data required to be submitted will be used to increase consumer awareness, for utility efficiency programs, and for research, all of which will foster additional efficiency, which in turn will lead to economic, energy reliability, and environmental benefits.

### *Small Business*

Like all businesses, small businesses will benefit from the proposed regulations. Small businesses that purchase appliances subject to the proposed efficiency standards will have to pay increased purchase costs for those appliances. However, those costs will be more than made up by reductions in natural gas and electricity bills. Of the \$116 million in annual utility bill savings that will accrue to commercial customers, \$106 million will benefit businesses in the “small commercial” category.

## ALTERNATIVES

Before it adopts the proposed regulations, the Commission must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed regulations. To date, the Commission has found no alternatives to the proposed action that would be more effective, or as effective and less burdensome.

## CONTACT PERSONS

Please contact the following person, preferably by e-mail, for general information about the proceeding or to obtain any document relevant to the proceeding, including the Express Terms, the Initial Statement of Reasons, the Form 399, the Staff Report, and any other document in the rulemaking file:

Linda Franklin  
California Energy Commission  
1516 Ninth Street, Mail Station 25  
Sacramento, California 95814-5512  
Telephone: 916-654-4064 Fax: 916-654-4304  
E-mail: [LFrankli@energy.state.ca.us](mailto:LFrankli@energy.state.ca.us)

Please contact the following person, preferably by e-mail, for substantive questions:

R. Michael Martin  
California Energy Commission  
1516 Ninth Street, Mail Station 25  
Sacramento, California 95814-5512  
Telephone: 916-654-4039  
Fax: 916-654-4304  
E-mail: [MMartin@energy.state.ca.us](mailto:MMartin@energy.state.ca.us)

The backup contact person for substantive questions is:

Jim Holland  
California Energy Commission  
1516 Ninth Street, Mail Station 25  
Sacramento, California 95814-5512  
Telephone: 916-654-4091  
Fax: 916-654-4304  
E-mail: [JHolland@energy.state.ca.us](mailto:JHolland@energy.state.ca.us)

Mr. Martin and Mr. Holland also can assist in obtaining documents and in answering general questions.

#### PUBLIC ADVISER

The Commission has a Public Adviser whose function it is to assist the public in participating in Commission proceedings. Please contact her if you have general questions about how to function effectively in the rulemaking:

Margret J. Kim, Public Adviser  
California Energy Commission  
1516 Ninth Street, Mail Station 12  
Sacramento, California 95814-5512  
Telephone: 916-654-4489  
Fax: 916-654-4493  
E-mail: [MKim@energy.state.ca.us](mailto:MKim@energy.state.ca.us)

AVAILABILITY OF THE TEXT OF THE PROPOSED REGULATIONS (EXPRESS TERMS),  
THE INITIAL STATEMENT OF REASONS, AND  
THE INFORMATION UPON WHICH THE PROPOSAL IS BASED (RULEMAKING FILE)

The first place to go when trying to obtain documents in this rulemaking proceeding should be the Commission's appliance website, [www.energy.ca.gov/appliances](http://www.energy.ca.gov/appliances). The website will have all of the documents prepared by the Commission and most of the other documents in the rulemaking file.

The Express Terms of the proposed regulations (written in plain English and set forth in a format that indicates both the existing text and the proposed text), and the Initial Statement of Reasons for the proposed regulations, are available at no cost from the contact person, Linda Franklin (see above).

The Commission's Docket Office has available all of the information upon which the proposal is based, as well as all other documents in the rulemaking file; for copies, please contact:

Docket Office  
California Energy Commission  
1516 Ninth Street, MS 4  
Sacramento, California 95814-5512  
916-654-5076

#### AVAILABILITY OF MODIFIED AMENDMENTS (15-DAY LANGUAGE)

At the November 3, 2004 hearing the Commission may adopt the proposed regulations substantially as described in this notice. If modifications are made, and they are sufficiently related to the originally-proposed regulations, the full modified text with changes clearly indicated will be made available to the public at least 15 days before the Commission adopts the regulations. A notice of the availability of any such text will be mailed to: all the persons to whom this notice is being mailed; those who submitted written or oral comments at the hearing; those who submitted written comments during the public comment period; and those who specifically requested to receive modifications to the regulations. In addition, copies may be requested from the contact person named above. The Commission will accept written comments on any such modified text for at least 15 days after the text is made available to the public. Adoption of the 15 Day language will be considered at a public hearing scheduled in the notice of availability.

#### FINAL STATEMENT OF REASONS

The Commission will prepare a Final Statement of Reasons on the regulations, responding to all relevant comments made during the proceeding. The Final Statement of Reasons will be available from Linda Franklin, listed as the first contact in the list of Contact Persons shown above.



## INTERNET ACCESS

Documents prepared by the Commission for this rulemaking, and most other documents in the rulemaking file, will be posted on the Commission's website, <http://www.energy.ca.gov/appliances>.